

---For Immediate Release---

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RENO, NEVADA—CURB System has filed a complaint in arbitration versus the City of Reno in response to the city's notice of termination, according to Kane Dutt, chief executive officer of CURB.

“Despite the current high performance of the CURB parking system in downtown Reno and multiple material breaches of the contract by the city, the city will vote on Wednesday on terminating the contract effective July 13,” said Dutt. “CURB presented a proposal to the city to continue running the system during the arbitration complaint process. However, the city rejected the proposal and refused to provide a counter proposal, or give a reason as to why they rejected the proposal giving CURB an opportunity to modify its proposal. Therefore, CURB will be compelled by the city to turn off the parking system on July 13.

“CURB, a local small business funded by 35 Reno investors, endeavored to provide a cutting-edge parking system for Reno that would generate increased revenues and deliver multiple benefits to the city. The Reno company was originally formed to provide an electronic bicycle locking system,” explained Dutt. “As a result of a request by Mayor Bob Cashell and Council Member Dave Aiazzi, local investors and banks spent several million dollars developing and installing an automobile parking system for Reno. This private investment allowed the city to avoid spending \$1-2 million to replace Reno's aging, broken and obsolete parking meters.

“However, from the very beginning of the parking contract,” continued Dutt, “the city ignored their responsibilities to provide diligent enforcement, to allow for advertising on the kiosks and to cooperate with CURB, as required in the contract. The city also misrepresented Reno's historical parking revenues in negotiating the contract.

In essence, the local investors were misled by the city as to a decline in the parking concession; misled as to the city's intentions on enforcement; misled as to the reliability and availability of the city's electrical power; misled as to the city's promise to educate the public on the new system; and misled as to CURB's right to sell advertising on the kiosks,” said Dutt. “Unfortunately, for the public, the city's actions and inactions made it challenging for CURB to successfully implement the new parking system in a

timely manner. This led to frustration by some patrons who had difficulties in utilizing the kiosks.

“CURB was also misled by the city at a council meeting in November of 2012, when the council proposed that the city and CURB engage in informal mediation to discuss multiple contractual issues. Despite the city council's action, city staff ignored CURB's continual requests to conduct the informal mediation as directed by the city council. A single informational meeting was eventually held with the city manager and CURB was promised follow-up meetings with council members and staff. These meetings never occurred, and instead CURB was ambushed with a city notice to terminate. CURB was left with no alternative and filed a complaint against the city,” said Dutt.

The complaint describes numerous breaches and bad faith by the City of Reno. Immediately after signing the parking management agreement in December of 2010 that obligated the city to “diligently enforce” parking violations, the city laid off the entire enforcement staff.

“The message to the public was very clear, even before we installed the CURB system, that the public could park and not pay,” said Dutt. “The city eventually reconstituted a much smaller enforcement staff that was grossly inadequate to effectively enforce parking in the downtown, much less enforce parking in Midtown and other areas of the city. The lack of enforcement downtown and an enforcement focus on other priorities, dramatically reduced revenues for the city's parking concession.

“CURB was never notified of the city's enforcement actions, staffing and priorities,” Dutt said. “We read about the reductions and enforcement priorities in the newspaper. The contract required the city to meet with CURB monthly on enforcement. Only recently, in 2013, has the city parking enforcement met on a regular basis with CURB. In addition, the city continually refused CURB's requests to fully train enforcement officers on the system until 2013. When we finally were able to train officers in January of 2013, the system's capabilities for enforcement were finally applied and tickets were being written. However, the city continued to inadequately patrol and staff the downtown parking district, thus limiting the effectiveness of enforcement,” Dutt explained.

From January 9, 2013, through May 30, 2013, CURB sent the City 54,367 notices of parking violations. The city only wrote 3,161 tickets. Another 804 notices were exempt. This leaves 50,402 violations that were not acted upon (93%). Based upon no tickets written, it appears that there was no enforcement coverage at all on 20 days or 17% of the 118 parking days from Jan. 9-May 30 of 2013. On the days when tickets were written, it appears that enforcement officers only patrolled the downtown

parking district for approximately one hour, leaving eight of the nine hours of parking without enforcement coverage. During these months the parking system's uptime met industry standards.

The lost enforcement revenue opportunity for the city for just this period of time represented \$1,008,040. CURB created a system for the City of Reno that could generate more than \$2 million annually in just enforcement revenue. By comparison, enforcement revenues for the three years prior to CURB System's installation averaged only \$440,000 annually. Enforcement staffing for 2012 was so limited that only 3,578 tickets were issued in the downtown parking district for the entire year. Again, the lack of enforcement emboldens parkers not to pay for parking, so there is a large loss of these revenues as well.

The city complained that the court was dismissing many parking tickets upon appeal by the public. Unfortunately, the city never formally noticed CURB about the dismissals, never provided statistics, and never met with CURB to determine the standards that should be applied to support ticket dismissals.

"The city complained that the initial installation of the parking kiosks had service interruptions. However, most of the outages were the result of the city's unreliable, night-time only and unfit power sources that caused brownouts and surges that disrupted the kiosks functionality," said Dutt. "CURB was forced, at its expense, to install chargers and batteries due to the requirement to use street light power. These 'dirty power' issues were never disclosed by the City during the installation. The electrical problems have been resolved by CURB, and at CURB's expense, by sourcing power from different locations. Even during periods of disruptions, a high percentage of the system was functioning and the limited number of enforcement officers had more ticketing opportunities than they could service."

The city has continually demanded that CURB install 120 kiosks and sensor 1,200 parking spaces even though the contract calls for a *maximum* of 120 kiosks and 1,200 sensors.

"What CURB has discovered is that a large percentage of the city's parking concession had a very low occupancy and is not economically viable. The current kiosk coverage is more than adequate," said Dutt. "As to the sensors, the city's enforcement efforts are so dramatically understaffed that the parking area that was under optical sensors had thousands of violations that were never ticketed. The CURB System also provides more than adequate enforcement notices without the sensors.

"It was initially contemplated that in-ground sensors would be utilized to monitor parking occupancy. However, a national parking system test in San Francisco and CURB's internal testing, demonstrated that the in-ground technology was not sufficiently

accurate. At CURB's expense, the company developed a state-of-the-art optical occupancy system that is much more accurate," explained Dutt. "CURB installed the optical system in the downtown Reno core and the results have been excellent. However, the city limited the implementation of the optical system and did not respond when we wanted to expand coverage. Unfortunately, we meet with a stone wall of indifference," said Dutt.

"A critical revenue source for CURB in the parking management agreement was to be from advertising on the curbside kiosks. After installation of the kiosks and as CURB began sales efforts for advertising, the city notified CURB that advertising was not allowed on the kiosks," said Dutt. "These revenues were very important to CURB and yet, the city refused to meet with us to discuss the city's unilateral ban and the loss of revenue to CURB.

"During negotiations with the city for the parking contract, CURB was provided with historical parking revenue numbers. We based our bid on city-provided numbers which showed that downtown parking revenues were stable. However, when the final audited numbers were made available after we signed the contract, it was revealed that the parking revenues were actually in decline and the numbers we were provided were overstated," asserted Dutt. "Again, our requests to discuss this misrepresentation by the city were refused.

"Ironically, in a recent June 19 staff report to the Reno city council, the city recognized the problem that the city's overview of parking involves four departments, and staff recommended that the city appoint a parking coordinator. The lack of communication and coordination within the city continually created problems for the operations of the parking concession. CURB was frustrated by the city's indifference and unwillingness to fully engage and understand how the system functioned. Installing a new parking system," continued Kane, "is a big project and requires cooperation between the contracted parties. The police chief never met with us and the city manager finally met with CURB for a single time in February of 2013. The city was tasked in the contract to assist with public education and never did so.

"One example of the city's lack of departmental communication occurred during the summer of 2012 when CURB met with city staff and council members numerous times in response to the city's 120-day notice to correct alleged deficiencies in the system. At these meetings CURB and city staff discussed enforcement issues," said Dutt. "However, CURB was never informed by the city that the police chief, in July of 2012, had arbitrarily directed parking enforcement officers not to patrol the downtown district. CURB learned of this action from a newspaper story months later in February of 2013. Nor was CURB noticed that enforcement of Midtown parking would reduce enforcement efforts in other areas of the city despite such testimony by the police chief

to the city council. Again, the lack of enforcement in the downtown parking district as required in the parking management agreement, trained the public not to pay and reduced overall parking revenues. The city is well aware of their enforcement problems as evidenced by city council comments," continued Dutt.

"The enforcement officers we have out there are already writing tickets somewhere, so if they come over and write tickets in Midtown, they're not writing tickets somewhere else," said Councilman Dwight Dortch. "We're probably not writing enough tickets everywhere. But they're maxed out, they're writing all the tickets they can."

"It's a workload issue because we have a lot of calls for service through Reno Direct in and around the University," Police Chief Steve Pitts told the city council. "It's really moving those three (parking enforcement officers) around."

"I think we are in a serious deficiency when it comes to enforcement," Councilwoman Neoma Jardon said.

"Enforcement revenues were the city's responsibility and were to be deducted in the calculation of net revenues due to the city from downtown parking," said Dutt. "The city's failure to enforce created a shortfall in revenues from violations and also reduced revenues from metered parking. Even when the city did write tickets, they collected less than half of the fines for tickets issued. Recently the city finally recognized this collection problem and proposed that payment of tickets be a prerequisite for renewal of auto registrations.

"Despite city-caused reductions in enforcement and parking revenues, the city ban on advertising revenues, the city's inaccurate historical revenue numbers and costs created by the city's unreliable electrical power, CURB was continually badgered by the city to pay a net revenue guarantee," said Dutt. "Councilwoman Jessica Sferrazza publicly accused CURB of 'giving more excuses than a teenager does for not doing their homework.' In fact, CURB has subsidized the city's parking concession operating losses with investor funds.

"The city has also demanded that CURB have a \$460,000 performance bond in place to restore the old parking meters," said Dutt. "The performance bond was clearly a construction bond and that construction work is finished.

"The city claims to have made repeated requests for an audit. CURB provided data to the auditor, Rob Miller, and we tried on several occasions to meet with Miller. The city auditor cancelled a scheduled meeting and no other meeting time was set," said Dutt. Miller is no longer employed by the city and CURB was never given contact information in order to work with a new auditor.

“The last actions that CURB wanted to take as a start-up company were to file a complaint against our customer or to air differences in the media,” said Dutt. “Even with the city’s bad faith throughout the term of the contract, CURB continued to work on improving the system. Currently, we believe the CURB System meets or exceeds industry standards. CURB has a very reliable and accurate parking sensor technology. Thus, we were very disappointed when the city decided to terminate just when downtown parking is poised to succeed. All that is needed is enforcement and cooperation from the city,” Dutt said. “Instead, the city has missed the opportunity for millions of dollars in revenues from parking and enforcement, and a local company has been badly damaged in the process.”

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